

## SUPPORTING SMALL BUSINESSES

Small businesses are the backbone of our national and local economies. They are a source of innovation and are powered by the hard work and determination of millions of our citizens. In Maine, over 97 percent of the state's businesses are classified as small. As a former small business owner, Mike understands that our nation's entrepreneurs need access to affordable capital, expanded options for health care, and policies that do not hurt their ability to grow and create jobs. Mike has served on the House Small Business Committee since being elected in 2002 and has worked hard to ensure that Maine's small business voices are heard at the federal level.

While the Recovery Act contained important tax benefits and increased lending opportunities, Mike believes that more needs to be done. He recently worked with his colleagues on the Small Business Committee to pass a number of policies that would benefit small businesses, including eliminating Small Business Administration (SBA) loan fees and strengthening federal loan guarantees so that access to capital is more affordable and available. Mike also worked with his colleagues to update SBA lending and business development programs, which would bring policies up to date and better reflect the needs of businesses today. A number of these policies await action by the U.S. Senate.

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Additional resources:

- Financial Assistance through the SBA
- Maine Business Works & assistance for small business
- Maine Manufacturing Extension Partnership - help for small and medium manufacturing businesses
- Maine Procurement and Technical Assistance Center
- Maine Small Business Development Center
- SCORE - free & confidential small business mentoring
- Small Business Administration
- USDA Rural Development Loan and Grant Programs
- Disaster Assistance and Emergency Relief for Individuals and Businesses

## Increasing Access to Capital for Small Businesses

Access to capital is a major component of small business development. Two programs administered by the SBA - the 7(a) loan program and the Microloan program - have been highly successful in providing funding to entrepreneurs. The 7(a) program provides loans on favorable terms to small businesses and allows funds to be used for operating capital. The Microloan program serves low- and moderate-income entrepreneurs that are not served by private sector banks or the 7(a) loan program.

Mike has pushed for strong funding of these programs, which help small businesses throughout our country create jobs and enter new markets. He has also pushed for improvements to current small business capital programs. He supported the Small Business Financing and Investment Act which would comprehensively reform the SBA's lending programs in order to help spur job creation and meet the needs of American small businesses. In 2009, 513 SBA loans were made in Maine, totaling just over \$74.8 million that went to help our state's small businesses.

The Small Business Financing and Investment Act, which passed in the House, is expected to support \$44 billion in small business lending, helping to save or create 1.3 million jobs annually. Currently, the Senate is considering similar legislation. A fact sheet on the bill can be found [here](#). An SBA profile of Maine's small businesses can be found [here](#).

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## Assisting Veteran Business Owners

In addition to authoring language which would increase access to capital for veterans, Mike also supported passage of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008. This bill, which became law, increased funding for the SBA's Office of Veteran Business Development. This office works to maximize the availability of small business programs for veterans, service-disabled veterans, reserve members, and their dependents or survivors.

Mike also authored language which was included H.R.1361, the RECOVER Act, that would extend the time period by which a returning reservist may apply for assistance in restarting a small business that they were forced to leave behind when being called up for duty. While the Senate never acted on this bill, similar language was included in H.R. 4253, the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008, which became law on February 14, 2008.

Additionally, Mike is working to ensure that SBA programs intended to help veterans are run efficiently and effectively,

and that contracts and jobs go to the intended recipients. As a member of the House Small Business Committee and Chair of the House Subcommittee on Veterans&rsquo; Health, Mike strongly believes that entrepreneurship opportunities for veterans is a vital part of Congress&rsquo; mission and must continue to be included in the role of the SBA. More information about Mike&rsquo;s work for veterans can be found [here](#).

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### Promoting Protections for Small Business Credit Cardholders

While concrete steps have been taken to protect consumers from predatory practices of some credit card companies, small businesses have not yet received the same consideration. Unfortunately, the tightening credit market has meant that more small businesses rely on credit cards to cover vital businesses expenses. In fact, a National Small Business Association (NSBA) survey found that 44% of small business owners have used credit cards to help finance their company in the previous twelve months. Credit cards are replacing traditional loans as the most widely used source of credit for small business owners.

Right now, especially during these difficult economic times, it&rsquo;s essential for Congress to do everything possible to encourage the growth of America&rsquo;s small businesses. One way to do that is to make sure they have protection from deceptive and abusive credit practices that can lead to a never-ending cycle of fees or hefty payments.

To address this issue, Mike recently joined with colleagues to introduce the Small Business Credit Card Act. Earlier this year, Congress enacted the Credit Cardholder Bill of Rights for consumers into law, protecting them from unscrupulous practices by credit card companies. The Small Business Credit Card Act would simply extend similar protections to small businesses.

And protections are needed. Research conducted by both the NSBA and National Federation of Independent Businesses (NFIB) found that businesses are experiencing the same kinds of abusive practices as consumers, such as double-cycle billing and retroactive or unannounced interest rate hikes and due date changes.

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## Regulatory Relief & The Need to Reduce Paperwork and Cut Red Tape

Small businesses today face an array of challenges that weigh on them more heavily than their corporate counterparts. While larger businesses are able to hire regulatory staff, small business owners, who are already putting in long hours to keep their businesses afloat, find themselves with the additional burden of ensuring their businesses are compliant with various federal regulations.

Unfortunately, all too often federal agencies use a one-size-fits-all approach that disproportionately burdens small firms. It is crucial that the regulatory requirements do not outweigh the benefits.

Throughout his time in Congress, Mike has supported measures that would require federal agencies to more thoroughly analyze the impact of regulations on small businesses. In a variety of different meetings with constituents, Mike has heard that the regulations required by some of the federal programs have discouraged numerous small businesses and lenders from utilizing available funds. Ultimately, if small businesses are less burdened by government rules, they will be in a better position to grow our local economies and create jobs.

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## Recovery Resources for Small Businesses

The American Recovery and Reinvestment Act (ARRA) contained a boost to SBA's lending programs and provided tax breaks to support small business growth. With commercial loans becoming scarce and with fewer lenders willing to take chances on small entrepreneurs, restoring the flow of credit for daily operations was crucial for small businesses. ARRA increased the guarantee on SBA loans for lenders, while also providing capital for entrepreneurs through a new debt refinancing program within the SBA. The Act also reduced to zero the fees on SBA-backed loans.

Additionally, Mike supported legislation to allow businesses to carry back net operating losses for up to five years for losses incurred in either 2008 or 2009. In the American Recovery and Reinvestment Act (ARRA) of 2009, which was enacted in February, the net operating loss carry back period was extended from two to five years for tax years beginning in or ending in 2008 for small businesses with gross receipts of \$15 million or less.

Additional legislation expanded the provision so that all businesses can carry back net operating losses for up to five years. Losses incurred either in 2008 or 2009 can be applied against previous, profitable years.

In December 2009, the House passed H.R. 2847, the "Jobs for Main Street Act," which extends the strong federal loan guarantees and elimination of SBA lending program fees, priorities Mike raised in a letter to President Obama and congressional leaders. Mike also worked hard to ensure that the bill included a "Buy America" provision, which requires that American-made materials be used for construction, alteration, maintenance or repair of transportation and infrastructure projects funded in the legislation.

To access a resource guide that Mike issued that explains the benefits of the stimulus package for small businesses, [click here](#).

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### Promoting Maine's Small Business Resource Providers

While access to capital remains an important priority, Mike also believes that those measures are not enough. More and more, small businesses are calling for attention to additional support resources to help them develop plans that will allow them to weather these tough times.

Mike helped pass a bill in the House to modernize key job-creating entrepreneurial development programs within the SBA, expanding proven programs like the Small Business Development Centers (SBDC), Women's Business Centers (WBC) and the Service Corps of Retired Executives (SCORE) and improving cross-program coordination for maximum benefit. These programs are very active in Maine and have great track records. [Click here](#) for a detailed fact sheet on the bill.

Maine's small business resource providers offer a great support system for both existing and start up businesses. The dedicated individuals working at Maine SBA, SBDC, WBC and SCORE all offer advice, mentoring and business planning skills for small business owners. Maine Business Works, a project of the Maine SBDC and other resource partners, is a great resource that offers information on assistance that is currently available to entrepreneurs in Maine. Mike has held a number of roundtable discussions in order to help connect small business owners with these resource providers, if you would like to be contacted regarding future forums please email Mike.

- Michaud Joins Small Businesses to Discuss the Challenges and Opportunities of an Economic Recovery (1/26/10)

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